

## Message Text

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12  
ACTION EA-10

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EUR-12 OMB-01 AID-05 EB-07 /091 W  
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R 190452Z JUN 75  
FM AMEMBASSY RANGOON  
TO SECSTATE WASHDC 9765  
INFO AMCONSUL HONG KONG  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY TOKYO  
CINCPAC HI  
AMEMBASSY BANGKOK UNN  
AMCONSUL CHIANG MAI UNN  
AMEMBASSY KATHMANDU UNN  
AMCONSUL MANDALAY UNN  
AMEMBASSY NEW DELHI UNN  
USLP PEKING UNN  
AMCONSUL UDORN UNN

C O N F I D E N T I A L SECTION 1 OF 2 RANGOON 1664

E.O. 11652: GDS  
TAGS: PINT PFOR BM  
SUBJ: JOINT WEEKA #22

### 1. NE WIN'S HEALTH (CONFIDENTIAL)

RUMORS SWEPT RANGOON JUNE 16 THAT PRESIDENT NE WIN WAS DEAD. WHILE EXAGGERATED TALES OF STROKES, HEART ATTACKS, ETC., ARE COMMONPLACE, THIS IS FIRST INSTANCE WE RECALL OF RUMORS OF NE WIN'S ACTUAL DEATH. ACCORDING TO A USUALLY RELIABLE SOURCE WHO CONSULTED ONE OF NE WIN'S DOCTORS, THE PRESIDENT HAS BEEN SUFFERING FROM INTESTINAL BLEEDING INCLUDING FAIRLY SERIOUS HEMORRHAGING ABOUT JUNE 9. HIS DOCTORS ARE CONCERNED PRIMARILY BECAUSE SUCH BLEEDING CAN LEAD TO LOW BLOOD PRESSURE RESULTING IN HEART ATTACK. THEY HAVE RECOMMENDED HE GO TO LONDON FOR TREATMENT, AND HE IS EXPECTED TO LEAVE BEFORE END OF

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JUNE.

2. DEP PRIMIN'S VISIT TO SOVIET UNION (UNCLAS)

DEP PRIMIN AND PLANNING AND FINANCE MINISTER U LWIN VISITED USSR JUNE 4 TO 11. TASS REPORTED HE SAW HEADS OF GOSPLAN AND STATE BANK, SECRETARY OF CMEA, AND FINANCE MINISTER, AND "THE SIDES NOTED WITH SATISFACTION THE POSSIBILITIES FOR FURTHER FRUITFUL DEVELOPMENT OF SOVIET-BURMESE ECONOMIC TIES AND EXPRESSED MUTUAL COMMITMENT TO EXPANDING...EQUAL ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES ON THE BASIS OF MUTUAL BENEFIT." U LWIN HAS NOT YET RETURNED TO BURMA, AND IS VISITING EASTERN EUROPE. MEANSHILE, DELEGATION OF 7 MEMBERS OF PEOPLE'S ASSEMBLY LEFT JUNE 18 FOR VISIT TO USSR.

3. GUB TO OPEN MISSION IN HANOI (LOU)

GUB PLANS TO OPEN EMBASSY IN HANOI, WITH AMBASSADOR-DESIGNATE COL. HLA SWE, DIRECTOR OF ORDNANCE, BURMA DEFENSE SERVICES, TO BE ACCREDITED ALSO TO SAIGON. (RANGOON 1635).

COMMENT: (LOU) ORDNANCE BACKGROUND OF AMBASSADOR-DESIGNATE, PLUS SEVERAL HALF-FACETIOUS REMARKS BY BURMA ARMY OFFICERS, SUGGESTS THAT GUB MAY WISH TO EXPLORE POSSIBILITY OF ACQUIRING SOME OF SURPLUS MILITARY EQUIPMENT IN INDO-CHINA.

4. RANGOON BACK TO NORMAL (LOU)

CALM RETURNED TO RANGOON OVER PAST WEEKEND IN WAKE OF LAST WEEK'S STUDENT/LABOR DISTURBANCES. MOST PLANTS RESUMED NORMAL WORK SCHEDULE JUNE 15 AND PRIMARY AND HIGH SCHOOLS REOPENED JUNE 17. BSPP CENTRAL EXECUTIVE COMMITTEE MEMBERS CONTINUED THEIR VISIT TO INDUSTRIAL PLANTS AND SCHOOLS AROUND THE COUNTRY ALTHOUGH DR. HLA HAN DROPPED OUT OF THE RUNNING AS A RESULT OF A MINOR STROKE HE SUFFERED AFTER HIS CONFRONTATION WITH RIT AND RASU STUDENTS LAST WEEK. GUB CONTINUES CAMPAIGN TO PROVE BCP BEHIND STUDENT UNREST. (WE REMAIN UNCONVINCED). PRESS CARRIED PHOTOS OF TWO STUDENTS, ONE ALLEGED TO BE BCP AGENT, WHO ARE BEING SOUGHT BY AUTHORITIES AND NIB OPENED "LIAISON OFFICE" WHERE PUBLIC COULD REPORT INFORMATION. PUBLIC INTEREST IN PAST WEEK'S EVENTS APPEARS TO BE WANING AND IS FOCUSED INSTEAD ON CHAOTIC MARKET CONDITIONS CREATED BY GUB'S IMPOSITION OF PRICE CONTROLS ON KEY FOOD COMMODITIES. CONFIDENTIAL

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(SEE FOLLOWING ITEM).

5. PRICE CONTROLS ON BASIC FOOD ITEMS (UNCLAS)

IN AN ATTEMPT TO HOLD DOWN RISING COMMODITY PRICES GUB JUNE 12 PLACED PRICE CONTROLS ON 14 BASIC BURMESE FOOD ITEMS INCLUDING PRIVATELY TRADED RICE, COOKING OIL, CHILLIES, SALT AND ONIONS. MINISTRY OF TRADE FORMED A COMMITTEE HEADED BY DEPUTY MINISTER OF

TRADE TO ADMINISTER THE CONTROLS. PRICES ARE ALLOWED TO VARY WITHIN THE COUNTRY ACCORDING TO LOCAL SUPPLY OF THE ITEM WITH MOST CEILINGS SET CLOSE TO OR SLIGHTLY BELOW THE PREVAILING PRICE AT TIME CONTROLS WERE IMPOSED.

COMMENT: (LOU) AS COULD HAVE BEEN PREDICTED, MOST OF THESE COMMODITIES DISAPPEARED ALMOST IMMEDIATELY FROM THE BURMESE MARKET. THE GREATEST DIFFICULTY IS WITH COOKING OIL. IF IT CAN BE FOUND AT ALL ON THE BLACKMARKET, PRICES FOR EDIBLE OIL ARE NOW MORE THAN DOUBLE THE PRE-CONTROL PRICE. AS THE EMBASSY NOTED EARLIER (RANGOON A-047), THERE HAS BEEN A RECENT TREND ON THE PART OF TOWNSHIP COOPERATIVES TO TAKE OVER THE PREVIOUSLY UNCONTROLLED TRADE IN EDIBLE OILS, AND THIS DID NOT AUGUR WELL FOR THE BURMESE CONSUMER. TOWNSHIP COOPERATIVES HAVE ATTEMPTED TO DISTRIBUTE COOKING OIL TO THEIR MEMBERS, BUT IN MOST INSTANCES CUSTOMERS HAD TO STAND IN LINE FOR SEVERAL HOURS TO OBTAIN TWO OR THREE FLUID OUNCES. LOCAL TOWNSHIP COUNCILS HAVE BEEN SEIZING SHIPMENTS OF THE COMMODITY AS THEY PASS THROUGH THEIR JURISDICTIONS ON THE WAY TO RANGOON OR OTHER DESTINATIONS. ALTERNATIVELY THEY HAVE BEEN FORCING PRIVATE TRANSPORTERS TO PAY LARGE CASH BRIBES FOR PRIVILEGE OF CONTINUING THEIR TRIP, WHICH OF COURSE ADDS TO THE BLACKMARKET PRICE THE CONSUMER MUST PAY. SOME OFFICE AND FACTORY WELFARE ORGANIZATIONS HAVE ALSO GOTTEN INTO THE ACT BY DISTRIBUTING SMALL QUANTITIES OF COOKING OIL TO WORKERS - THE EMPLOYEES SPENDING MOST OF THEIR WORKING HOURS LINING UP FOR A SMALL RATION. OSBORN

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C O N F I D E N T I A L SECTION 2 OF 2 RANGOON 1664

CINCPAC FOR POLAD

ACCORDING TO USUALLY RELIABLE SOURCE, PRIMIN SEIN WIN STATED PRIVATELY HE HAD PERSONALLY OPPOSED CONTROLS, BUT THE CABINET ECONOMIC COMMITTEE HAD RECOMMENDED THEM AT URGING OF DEPUTY PLANNING AND FINANCE MINISTER U CHIT MOUNG. WITH CONTROLS IN FORCE FOR LESS THAN A WEEK, SITUATION HAS DETERIORATED SO BADLY THAT EVEN THE GOVERNMENT CONTROLLED PRESS HAS DESCRIBED THE DISTRIBUTION SYSTEM AS A SHAMBLES. PERHAPS IT IS SAFE TO PREDICT THAT WITHIN A SHORT TIME THE GUB WILL ANNOUNCE A "BOLD NEW POLICY TO BENEFIT THE PEOPLE" BY REMOVING ALL CONTROLS ON PRICE AND TRANSPORT OF THESE COMMODITIES, THUS RESTORING THE STATUS QUO AND EASING THE CRISIS ITS OWN REGULATIONS CREATED. SUCH IS THE WAY OF ECONOMIC PROGRESS IN BURMA.

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6. BCP ADVERTISES SHAN STATE ARMY (UNCLAS)

CHINESE-CONTROLLED BCP CLANDESTINE RADIO JUNE 12 ANNOUNCED SEVERAL ALLEGED MINOR VICTORIES OVER GUB BY SHAN STATE ARMY IN KYAUKME DISTRICT, NORTHERN SHAN STATE.

COMMENT: (LOU) ALTHOUGH BCP RADIO HAS OCCASIONALLY REPORTED ACTIONS BY TROOPS OF BCP-CONTROLLED NATIONAL DEMOCRATIC UNITED FRONT, THIS IS FIRST INSTANCE WE CAN RECALL OF SIMILAR PUBLICITY TO SSA. REASON IS DOUBTLESS THAT THE SSA FACTION CONCERNED WAS TRAINED AND EQUIPPED BY BCP AND NOW APPEARS TO BE OPERATING UNDER BCP CONTROL.

7. NARCOTICS: PRESS PLAY ON BCP OPIUM TRAFFICKING (UNCLAS)

AN ARTICLE IN BURMESE-LANGUAGE "WORKING PEOPLE'S DAILY", ON JUNE 11, TOOK THE BCP TO TASK FOR ENGAGING IN OPIUM TRAFFICKING AND THEREBY WEAKENING THE MORAL FIBER OF THE PEOPLE. THE ARTICLE CITED SEVERAL INSTANCES OF HOW GUB IS COMBATTING NARCOTICS, I.E., CROP SUBSTITUTION, STRICT ANTI-NARCOTIC LAW, ETC. IT ALSO MENTIONED CHINA'S OPIUM PROBLEM IN 19TH CENTURY, POSSIBLY AN ALLUSION TO CHINA'S DISREGARD FOR BURMA'S OPIUM PROBLEM AND PRC'S FAILURE TO CONTROL THE BCP'S ACTIVE TRAFFICKING. THE ARTICLE ECHOES MUCH OF WHAT IS APPEARING IN ALL PAPERS THESE DAYS: BCP IS RESPONSIBLE FOR ALMOST

ALL HINDRANCE TO NATION-BUILDING TASKS AND IS BEHIND THE CURRENT STUDENT-WORKER UNREST.

8. ARRIVAL OF HELICOPTER TECH REPS (UNCLAS)

BELL HELICOPTER COMPANY TECH REPS KNIEFEL AND ELVEN ARRIVED JUNE 17 TO PREPARE FOR ARRIVAL OF FIRST HELICOPTERS UNDER NARCOTICS CONTROL PROJECT.

9. RICE DEVELOPMENTS (LOU)

BY EARLY JUNE, GUB CLAIMS TO HAVE COLLECTED 133.5 MILLION BASKETS (2.7 MILLION TONS) OF PADDY FROM 1974-75 CROP, WHICH FALLS SOMEWHAT SHORT OF THE GUB'S COLLECTION GOAL OF 146 MILLION BASKETS. WHILE GUB HAS NOT RELEASED ANY DATA ON EXPORT COMMITMENTS, WE HAVE INDICATIONS THAT THE FOLLOWING TRANSACTIONS HAVE BEEN CONCLUDED: MAURITIUS 30,000 TONS, PRC 50,000 TONS (FOR CEYLON), INDONESIA 30,000 TONS. OTHER SALES ARE RUMORED TO HAVE BEEN CONCLUDED WITH CONFIDENTIAL

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HONG KONG (POSSIBILITY FOR TRANSSHIPMENT TO CUBA), AND INDONESIA IS ATTEMPTING TO PURCHASE AN ADDITIONAL 30,000 TONS. GUB EVIDENTLY IS BEING CAUTIOUS IN ITS EXPORT COMMITMENTS TO ENSURE THAT IT HAS ADEQUATE DOMESTIC STOCKS IN CASE OF RENEWED URBAN UNREST. EFFECTS OF MAY CYCLONIC STORM ON DELTA REGION STILL BEING ASSESSED AND MAY HOLD TOTAL EXPORTS TO 300,000 - 400,000 TONS INSTEAD OF THE HALF MILLION TONS ORIGINALLY PROJECTED.

10. FERTILIZER PRODUCTION INCREASES (UNCLAS)

FERTILIZER OUTPUT AT THE PLANT IN KYUNCHAUNG, ONE OF BURMA'S TWO UREA FACTORIES, REACHED 67,855 METRIC TONS IN 1974-75, THUS EXCEEDING ITS TARGETED GOAL BY 17,855 METRIC TONS. COMBINED CAPACITY OF THE TWO PLANTS IS 133,000 METRIC TONS PER YEAR, AND IN 1973-74 THEY PRODUCED A TOTAL OF 112,000 METRIC TONS. IF THE OZER PLANT AT SALE MAINTAINED OR ALSO EXCEEDED THE PREVIOUS YEAR'S OUTPUT, BURMESE FERTILIZER PRODUCTION SHOULD BE VERY NEAR THE CAPACITY LEVEL FOR 1974-75. BURMA COULD UTILIZE ITS ENTIRE UREA OUTPUT DOMESTICALLY, BUT FAVORABLE INTERNATIONAL PRICES FOR THE COMMODITY HAVE TEMPTED THE GUB TO OFFER MORE AND MORE FOR EXPORT AND IT CAN BE ASSUMED THAT THIS INCREASED PRODUCTION WILL BE USED TO AUGMENT BURMA'S MEAGER FOREIGN EXCHANGE EARNINGS.

11. JAPANESE COMMODITY LOAN (UNCLAS)

GUB AND JAPANESE AMBASSADOR JUNE 18 EXCHANGED NOTES PROVIDING FOR A THIRD COMMODITY LOAN OF 6.5 BILLION YEN (U.S.\$21.6 MILLION) FROM GOJ. LOAN IS FOR PURCHASE OF COMMODITIES FROM JAPAN OR ELIGIBLE LDC'S, AND IS REPAYABLE IN 30 YEARS INCLUDING 10 YEARS GRACE PERIOD, AT INTEREST RATE OF 2 3/4 PERCENT. THE NEW LOAN WAS AGREED

UPON IN PRINCIPLE BY FORMER JAPANESE PRIMIN TANAKA DURING VISIT TO RANGOON IN NOVEMBER 1974. TWO PREVIOUS JAPANESE COMMODITY LOANS HAVE BEEN FULLY UTILIZED.

12. PURGE OF TRANSPORT OFFICIALS (UNCLAS)

GUB JUNE 18 ANNOUNCED FORCED RETIREMENT OF SENIOR OFFICIALS OF THREE CORPORATIONS UNDER MINISTRY OF TRANSPORT, WHOSE MINISTER WAS ALSO RECENTLY SACKED (WEEK 21, ITEM 2). THOSE RETIRED INCLUDED BURMA RAILWAYS GENERAL MANAGER U TUN SHEIN AND THREE OTHER SENIOR RAILWAYS EXECUTIVES; BURMA AIRWAYS OPERATIONS MANAGER CAPT. KHIN  
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MAUNG LATT; AND ROAD TRANSPORT CORPORATION MANAGING DIRECTOR U (EX-LT COL) OHN MAUNG. TWEPHE BAC PILOTS WERE SUSPENDED AT SAME TIME. HEAD OF TRANSPORT AGENCIES CORPORATION WAS ALSO REMOVED SOME WEEKS AGO. DEPUTY TRANSPORT MINISTER COL. KHIN OHN HAS BEEN NAMED ACTING MANAGING DIRECTOR OF RAILWAYS. THE RETIRED RAILWAY AND ROAD TRANSPORT OFFICIALS WERE DESCRIBED AS "MOST RESPONSIBLE FOR DIFFICULTIES IN SERVICE" AND AS UNABLE TO PERFORM THEIR DUTIES WELL. BAC PERSONNEL WERE ACCUSED PRINCIPALLY OF BLACK-MARKETING AND CURRENCY OFFENSES, PLUS TRAFFICKING IN OPIUM.

COMMENT: (LOU) THE RETIRED RAILWAY OFFICIALS, PLUS SEVERAL OTHER SENIOR OFFICIALS WHOSE RESIGNATIONS OR FORCED RETIREMENTS HAVE NOT BEEN PUBLICLY ANNOUNCED, ARE BEING VICTIMIZED FOR RESULTS OF HIGHER-LEVEL ECONOMIC MISMANAGEMENT. UNLESS INVESTMENT FUNDS AND ADEQUATE INCENTIVES FOR WORKERS CAN BE FOUND, THEIR DEPARTURE MAY ONLY MAKE THINGS WORSE AS THE RAILWAYS CORPORATION IS DEPRIVED OF THEIR EXPERIENCE. AT BAC, THE GUB HAS STRUCK UNERRINGLY AT THE ONLY SENIOR EXECUTIVE WHO SEEMS TO POSSESS A DEGREE OF ENERGY AND ACUMEN.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** HEALTH, ECONOMIC COOPERATION, MINISTERIAL VISITS, CIVIL DISORDERS, OPENING OF OFFICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Legacy Key:** link1975/newtext/t19750634/aaaabfad.tel  
**Line Count:** 314  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GarlanWA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 JUN 2003 by CunninFX>; APPROVED <03 JUL 2003 by GarlanWA>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** JOINT WEEKA #22  
**TAGS:** ECIN, PFOR, PINS, BM, UR, VN, (NE WIN)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006